

104TH CONGRESS
1ST SESSION

H. R. 2476

To amend title XVIII of the Social Security Act to provide for common sense reforms of the Medicare Program.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 12, 1995

Mr. STUPAK introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Commerce, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend title XVIII of the Social Security Act to provide for common sense reforms of the Medicare Program.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Common Sense Medi-
5 care Reform Act of 1995”.

1 **TITLE I—FRAUD AND ABUSE**
2 **Subtitle A—Provisions Relating to**
3 **Durable Medical Equipment**

4 **SEC. 101. REVISION OF PAYMENT METHODOLOGY FOR DU-**
5 **RABLE MEDICAL EQUIPMENT.**

6 (a) IN GENERAL.—Section 1834(a) of the Social Se-
7 curity Act (42 U.S.C. 1395m(a)) is amended by adding
8 at the end the following new paragraph:

9 “(19) USING COMPETITIVE PRICING TO DETER-
10 MINE PAYMENT AMOUNTS.—

11 “(A) IN GENERAL.—Notwithstanding any
12 other provision of this subsection, the Secretary
13 shall promulgate (on an interim basis pending
14 notice and opportunity for public comment) a
15 fee schedule for payment for covered items
16 under this subsection based on competitive
17 prices and using the inherent reasonableness
18 authority contained in paragraph (10), but
19 without regard to section 1842(b)(9).

20 “(B) COMPETITIVE BIDDING.—Notwith-
21 standing any other provision of law, for various
22 areas of the country, the Secretary may employ
23 a competitive rate setting process to establish
24 payment rates for items of durable medical
25 equipment, prosthetics, orthotics, and supplies

1 under this part. The Secretary may restrict
2 payment for these benefits (i) to that supplier
3 with the lowest bid in such a process, or in
4 those instances where the Secretary concludes it
5 is advantageous to have more than one supplier,
6 (ii) to that set of suppliers whose bids are
7 among the lowest, or (iii) to those suppliers
8 submitting bids who are willing to accept the
9 competitive rate as payment in full.

10 “(C) LIMITATION ON BILLING.—No sup-
11 plier of covered items under this subsection may
12 balance bill recipients for more than 15 percent
13 of what is payable to the supplier under this
14 part (determined without regard to deductibles
15 or coinsurance).

16 “(D) IMPROVED MONITORING OF UTILIZA-
17 TION OF DURABLE MEDICAL EQUIPMENT.—The
18 Secretary shall take such steps as may be nec-
19 essary to improve the monitoring of the utiliza-
20 tion of covered items under this part.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 subsection (a) shall apply, pursuant to regulations of the
23 Secretary, to durable medical equipment furnished on or
24 after the date of the enactment of this Act.

1 **SEC. 102. FREEZE IN UPDATES FOR 1996.**

2 (a) COVERED ITEMS.—Section 1834(a)(14) of the
3 Social Security Act (42 U.S.C. 1395m(a)(14)) is amend-
4 ed—

5 (1) by striking “and” at the end of subpara-
6 graph (A);

7 (2) in subparagraph (B), by striking “a subse-
8 quent year” and inserting “1993, 1994, and 1995”;
9 and

10 (3) by adding at the end the following:

11 “(C) for 1996 and each year thereafter, 0
12 percentage points.”.

13 (b) ORTHOTICS AND PROSTHETICS.—Section
14 1834(h)(4)(A) of such Act (42 U.S.C. 1395m(h)(4)(A))
15 is amended—

16 (1) by adding “and” at the end of clause (ii),
17 and

18 (2) in clause (iii), by striking “and 1995” and
19 inserting “and each subsequent year”, and

20 (3) by striking clause (iv).

1 **Subtitle B—Anti-Fraud Provisions**

2 **SEC. 111. ILLEGAL REMUNERATION WITH RESPECT TO**
3 **SPECIFIED HEALTH CARE BENEFIT PRO-**
4 **GRAMS.**

5 (a) IN GENERAL.—Chapter 11 of title 18, United
6 States Code, is amended by adding at the end the follow-
7 ing:

8 **“§ 227. Illegal remuneration with respect to specified**
9 **health care benefit programs**

10 “(a) Whoever knowingly and willfully solicits or re-
11 ceives (or attempts to solicit or receive) any remuneration
12 (including any kickback, bribe, or rebate) directly or indi-
13 rectly, overtly or covertly, in cash or in kind—

14 “(1) in return for referring an individual to a
15 person for the furnishing or arranging for the fur-
16 nishing of any item or service for which payment
17 may be made in whole or in part by any specified
18 health care benefit program, or

19 “(2) in return for purchasing, leasing, ordering,
20 or arranging for or recommending purchasing, leas-
21 ing, or ordering any good, facility, service, or item
22 for which payment may be made in whole or in part
23 by any specified health care benefit program,

24 shall be fined under this title or imprisoned for not more
25 than five years, or both.

1 “(b) Whoever knowingly and willfully offers or pays
2 (or attempts to offer or pay) any remuneration (including
3 any kickback, bribe, or rebate) directly or indirectly, overt-
4 ly or covertly, in cash or in kind—

5 “(1) to refer an individual to a person for the
6 furnishing or arranging for the furnishing of any
7 item or service for which payment may be made in
8 whole or in part by any specified health care benefit
9 program, or

10 “(2) to purchase, lease, order, or arrange for or
11 recommending purchasing, leasing, or ordering any
12 good, facility, service, or item for which payment
13 may be made in whole or in part by any specified
14 health care benefit program,

15 shall be fined under this title or imprisoned for not more
16 than five years, or both.

17 “(c)(1) The Attorney General can bring an action in
18 the district courts to impose upon any person who carries
19 out any activity in violation of subsection (a) or (b) a civil
20 penalty of not less than \$25,000 and not more than
21 \$50,000 for each such violation, and that person shall be
22 subject to damages of three times the total remuneration
23 offered, paid, solicited, or received in violation of such sub-
24 section.

1 “(2) A violation exists under paragraph (1) of one
2 or more purposes of the remuneration is unlawful, and the
3 damages shall be the full amount of such remuneration.

4 “(3) The procedures for actions under this subsection
5 with regard to subpoenas, statute of limitations, standard
6 of proof, and collateral estoppel shall be governed by sec-
7 tion 3731 of title 31, United States Code, and the Federal
8 Rules of Civil Procedures shall apply to actions brought
9 under this subsection.

10 “(4) This subsection shall not affect the availability
11 of other criminal and civil remedies for violations of sub-
12 sections (a) and (b).

13 “(d) Subsections (a) through (c) shall not apply to
14 any of the following:

15 “(1) A discount or other reduction in price ob-
16 tained by a provider of services or other entity under
17 a specified health care benefit program if the reduc-
18 tion in price is properly disclosed and appropriately
19 reflected in the costs claimed or charges made by the
20 provider or entity under a specified health care bene-
21 fit program.

22 “(2) Any amount paid by an employer to an
23 employee (which has a bona fide employment rela-
24 tionship with such employer) for employment in the
25 provision of covered items or services if the amount

1 of the remuneration under the arrangement is con-
2 sistent with the fair market value of the services and
3 is not determined in a manner that takes into ac-
4 count (directly or indirectly) the volume or value of
5 any referrals.

6 “(3) Any amount paid by a vendor of goods or
7 services to a person authorized to act as a purchas-
8 ing agent for a group of individuals or entities who
9 are furnishing services reimbursed under a specified
10 health care benefit program if—

11 “(A) the person has a written contract
12 with each such individual or entity, which speci-
13 fies the amount to be paid the person, which
14 amount may be a fixed amount or a percentage
15 of the value of the purchases made by each
16 such individual or entity under the contract,
17 and

18 “(B) in the case of an entity that is a pro-
19 vider of services (as defined in section 1861(u)
20 of the Social Security Act), the person discloses
21 (in such form and manner as the Secretary of
22 Health and Human Services requires) to the
23 entity, and, upon request, to the Secretary of
24 Health and Human Services the amount re-

1 ceived from each such vendor with respect to
2 chases made by or on behalf of the entity.

3 “(4) A waiver of any coinsurance under part B
4 of title XVIII of the Social Security Act by a feder-
5 ally qualified health care center with respect to an
6 individual who qualifies for subsidized services under
7 a provision of the Public Health Service Act.

8 “(5) Any payment practice specified by the Sec-
9 retary of Health and Human Services in regulations
10 promulgated pursuant to section 14(a) of the Medi-
11 care and Medicaid Patient and Program Protection
12 Act of 1987.

13 “(e) As used in this section, the term ‘specified health
14 care benefit program’ means any plan that provides health
15 benefits, whether directly, through insurance, or other-
16 wise, which is funded in whole or in part by the United
17 States Government, or is a State health care program (as
18 defined in section 1128(h) of the Social Security Act).”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 at the beginning of such chapter is amended by adding
21 at the end the following:

“227. Illegal remuneration with respect to specified health care benefit pro-
grams.”.

22 **SEC. 112. GRAND JURY DISCLOSURE.**

23 Section 332 of title 18, United States Code, is
24 amended—

1 (1) by redesignating subsections (c) and (d) as
2 subsections (d) and (e), respectively, and

3 (2) by inserting after subsection (b) the follow-
4 ing new subsection:

5 “(c) A person who is privy to grand jury information
6 concerning a Federal health offense (as defined in section
7 982(a)(6)(D)) that is—

8 “(1) received in the course of duty as an attor-
9 ney for the Government, or

10 “(2) disclosed under rule 6(e)(3)(A)(ii) of the
11 Federal Rules of Criminal Procedure,
12 may disclose that information to an attorney for the Gov-
13 ernment to use in any investigation or civil proceeding re-
14 lating to health care fraud.”.

15 **SEC. 113. AUTHORIZED INVESTIGATIVE DEMAND PROCE-**
16 **DURES.**

17 (a) IN GENERAL.—Chapter 233 of title 18, United
18 States Code, is amended by inserting after section 3485
19 the following:

20 **“§ 3486. Authorized investigative demand procedures**

21 **“(a) AUTHORIZATION.—**

22 **“(1) In any investigation relating to functions**
23 **set forth in paragraph (2), the Attorney General (or**
24 **designee of the Attorney General) may issue in writ-**
25 **ing and cause to be served a subpoena compelling**

1 production of any records (including any books, pa-
2 pers, documents, electronic media, or other objects
3 or tangible things) which may be relevant to an au-
4 thorized law enforcement inquiry that a person or
5 legal entity may possess or have care, custody, or
6 control. A custodian of records may be required to
7 give testimony concerning the production and au-
8 thentication of such records. The production of
9 records may be required from any place in any State
10 or in any territory or other place subject to the ju-
11 risdiction of the United States at any designated
12 place; except that such production shall not be re-
13 quired more than 500 miles distant from the place
14 where the subpoena is served. Witnesses summoned
15 under this paragraph shall be paid the same fees
16 and mileage that are paid witnesses in the courts of
17 the United States. A subpoena requiring the produc-
18 tion of records shall describe the objects required to
19 be produced and prescribe a return date within a
20 reasonable period of time within which the objects
21 can be assembled and made available.

22 “(2) Investigative demands utilizing an admin-
23 istrative subpoena are authorized for any investiga-
24 tion with respect to any act or activity constituting
25 or involving health care fraud. For purposes of this

1 paragraph, the term 'health care fraud' means a
2 scheme or artifice (A) to defraud any health plan or
3 other person, in connection with the delivery of or
4 payment for health care benefits, items, or services,
5 or (B) to obtain, by means of false or fraudulent
6 pretenses, representations, or promises, any of the
7 money or property owned by, or under the custody
8 or control of, any health plan, or person in connec-
9 tion with the delivery of or payment for health care
10 benefits, items, or services.

11 “(b) SERVICES.—A subpoena issued under this sec-
12 tion may be served by any person designated in the sub-
13 poena to serve it. Service upon a natural person may be
14 made by personal delivery of the subpoena to the person.
15 Service may be made upon a domestic or foreign associa-
16 tion which is subject to suit under a common name, by
17 delivering the subpoena to an officer, to a managing or
18 general agent, or to any other agent authorized by ap-
19 pointment or by law to receive service of process. The affi-
20 davit of the person serving the subpoena entered on a true
21 copy thereof by the person serving it shall be proof of serv-
22 ice.

23 “(c) ENFORCEMENT.—In the case of contumacy by
24 or refusal to obey a subpoena issued to any person, the
25 Attorney General may invoke the aid of any court of the

1 United States within the jurisdiction of which the inves-
2 tigation is carried on or of which the subpoenaed person
3 is an inhabitant, or in which he carries on business or may
4 be found, to compel compliance with the subpoena. The
5 court may issue an order requiring the subpoenaed person
6 to appear before the Attorney General to produce records,
7 if so ordered, or to give testimony touching the matter
8 under investigation. Any failure to obey the order of the
9 court may be punished by the court as a contempt thereof.
10 All process in any such case may be served in any judicial
11 district in which such person may be found.

12 “(d) IMMUNITY FROM CIVIL LIABILITY.—Notwith-
13 standing any Federal, State, or local law, any person, in-
14 cluding officers, agents, and employees, receiving a sub-
15 poena under this section, who complies in good faith with
16 the subpoena and thus produces the materials sought,
17 shall not be liable in any court of any State or the United
18 States to any customer or other person for such produc-
19 tion or for nondisclosure of that production to the cus-
20 tomer.

21 “(e) USE IN ACTION AGAINST INDIVIDUALS.—

22 “(1) Health information about an individual
23 that is disclosed under this section may not be used
24 in, or disclosed to any person for use in, any admin-
25 istrative, civil, or criminal action or investigation di-

1 rected against the individual who is the subject of
2 the information unless the action or investigation
3 arises out of and is directly related to receipt of
4 health care or payment for health care or an action
5 involving a fraudulent claim related to health; or if
6 authorized by an appropriate order of a court of
7 competent jurisdiction, granted after application
8 showing good cause therefor.

9 “(2) In assessing good cause under paragraph
10 (1), the court shall weigh the public interest and the
11 need for disclosure against the injury to the patient,
12 to the physician-patient relationship, and to the
13 treatment services.

14 “(3) Upon granting of such order, the court, in
15 determining the extent to which any disclosure of all
16 or any part of any record is necessary, shall impose
17 appropriate safeguards against unauthorized disclo-
18 sure.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 at the beginning of such chapter is amended by inserting
21 after the item relating to section 3485 the following new
22 item:

 “3486. Authorized investigative demand procedures.”.

23 (c) CONFORMING AMENDMENT.—Section
24 1510(b)(3)(B) of title 18, United States Code, is amended

1 by inserting “or a Department of Justice subpoena issued
2 under section 3486 of this title” after “subpoena”.

3 **Subtitle C—Health Care Fraud**
4 **Abuse Account**

5 **SEC. 121. FRAUD AND ABUSE CONTROL FUND.**

6 (a) IN GENERAL.—Part A of title XI of the Social
7 Security Act is amended by adding at the end the follow-
8 ing new section:

9 “FRAUD AND ABUSE CONTROL FUND

10 “SEC. 1145. (a) The Secretary shall, directly or
11 through contractual or other arrangements and with ap-
12 propriate coordination with the States, take all steps nec-
13 essary to assure the accuracy of payments from the trust
14 funds established under title XVIII (referred to herein as
15 the ‘Medicare Trust Funds’) and the appropriation for
16 payments to States to carry out title XIX (referred to
17 herein as the ‘Medicaid appropriation’) and otherwise as-
18 sure the appropriateness of expenditures from such Funds
19 and such appropriation. To carry out this responsibility,
20 the Secretary shall place particular emphasis on the devel-
21 opment of and experimentation with innovative or rigorous
22 techniques and approaches to identifying, investigating,
23 and eliminating fraudulent or abusive practices that bur-
24 den the Medicare Trust Funds or the Medicaid appropria-
25 tion.

1 “(b) To provide a reliable source of funding to sup-
2 port the Secretary’s activities under subsection (a) and en-
3 courage cost-effective innovation, there is established in
4 the Treasury of the United States a fund to be known
5 as the ‘HHS Fraud and Abuse Control Fund’ (referred
6 to herein as the ‘Fund’).

7 “(c) There shall be deposited in the Fund—

8 “(1) that portion of amounts recovered in rela-
9 tion to section 1128A arising out of a claim under
10 title XIX or title XVIII as remains after application
11 of subsection (f)(1) (pertaining to reimbursement of
12 a State’s share of recoveries relating to title XIX) or
13 subsection (f)(2) (relating to repayment of the Medi-
14 care Trust Funds) of that section, as may be appli-
15 cable,

16 “(2) payments made pursuant to a court or ad-
17 ministrative order or voluntary settlement agreement
18 to reimburse for all or part of the costs of investiga-
19 tions, audits, and monitoring of compliance plans,
20 conducted by the Department of Health and Human
21 Services that relate to the programs under title
22 XVIII or XIX, and

23 “(3) penalties and damages imposed (other
24 than funds awarded to a relator or for restitution)
25 under sections 3729 through 3732 of title 31, Unit-

1 ed States Code (pertaining to false claims) in cases
2 involving claims relating to programs under title
3 XVIII or XIX (to the extent the amounts deposited
4 in the Fund under paragraphs (1) and (2) in a fiscal
5 year are less than \$2,000,000).

6 “(d) Amounts deposited in the Fund shall be avail-
7 able to the Secretary (without the necessity for any provi-
8 sion therefor in appropriations Acts) until expended for
9 payment of expenses incurred in carrying out subsection
10 (a).

11 “(e) No more than \$2,000,000 may be deposited in
12 the Fund in any fiscal year.”.

13 (b) INITIAL DEPOSIT IN HHS FRAUD AND ABUSE
14 CONTROL FUND.—There is authorized to be appropriated
15 for fiscal year 1996 an amount (to be deposited in the
16 HHS Fraud and Abuse Control Fund established by sec-
17 tion 1145(b) of the Social Security Act) for the initial im-
18 plementation of activities under section 1145(a) of that
19 Act (subject to section 1145(e) of that Act).

20 (c) CONFORMING AMENDMENT.—Section 1128A(f)
21 of the Social Security Act (42 U.S.C. 1320a–7a(f)) is
22 amended—

23 (1) by renumbering paragraph (3) as paragraph
24 (4), and

1 (2) by inserting after paragraph (2) the follow-
2 ing:

3 “(3) Additional amounts (subject to section 1145(e))
4 shall be deposited in the HHS Fraud and Abuse Control
5 Fund established by section 1145(b).”.

6 (d) EFFECTIVE DATE.—Sections 1145(c) and
7 1128A(f)(3) of the Social Security Act (as enacted and
8 amended by subsections (a) and (c) of this section) apply
9 to amounts recovered, payments made, and penalties and
10 damages imposed, after fiscal year 1995.

11 **TITLE II—MEDICARE PLUS** 12 **PILOT PROGRAM**

13 **SEC. 201. ESTABLISHMENT OF PILOT PROGRAM.**

14 (a) IN GENERAL.—The Secretary of Health and
15 Human Services shall establish a pilot program (in this
16 section referred to as the “pilot program”) under which
17 additional health plans (including health plans of the type
18 described in subsection (b)) may qualify to be offered
19 under section 1876 of the Social Security Act.

20 (b) TYPES OF ORGANIZATIONS DESCRIBED.—The
21 types of organizations described in this subsection are the
22 following:

23 (1) PROVIDER-SPONSORED NETWORKS.—A
24 health plan offered by a group of affiliated providers
25 that provides a substantial proportion of medicare

1 covered items and services directly through the affili-
2 ated group of providers.

3 (2) TAFT-HARTLEY PLANS.—A group health
4 plan that is established or maintained by two or
5 more employers or jointly by one or more employers
6 and one or more employee organizations.

7 (3) ASSOCIATION PLANS.—A health plan of-
8 fered through an association, religious fraternal or-
9 ganization, or other organization (which may be a
10 trade, industry, or professional association, a cham-
11 ber of commerce, or a public entity association)
12 that—

13 (A) has been formed for purposes other
14 than the sale of any health insurance and does
15 not restrict membership based on the health
16 status, claims experience, receipt of health care,
17 medical history, or lack of evidence of insurabil-
18 ity, of an individual,

19 (B) does not exist solely or principally for
20 the purpose of selling insurance, and

21 (C) has at least 1,000 individual members
22 or 200 employer members.

23 (4) HIGH DEDUCTIBLE HEALTH PLANS WITH
24 CONTRIBUTION TO MEDICAL SAVINGS ACCOUNTS.—

1 (A) IN GENERAL.—A benefit package con-
2 sisting of—

3 (i) a high deductible health plan de-
4 scribed in subparagraph (B), and

5 (ii) a contribution to a medical sav-
6 ings account (of the excess of the medicare
7 payment amount over the premium for
8 such high deductible health plan).

9 (B) HIGH DEDUCTIBLE HEALTH PLAN DE-
10 SCRIBED.—A high deductible health plan de-
11 scribed in this subparagraph is a health plan
12 that—

13 (i) provides reimbursement for at
14 least items and services covered under the
15 medicare program in a year but only after
16 the enrollee incurs countable expenses (as
17 specified under the plan) equal to the
18 amount of a deductible (in an amount that
19 does not exceed \$10,000);

20 (ii) counts as such expenses (for pur-
21 poses of such deductible) at least all
22 amounts that would have been payable
23 under parts A and B of the medicare pro-
24 gram or by the enrollee if the enrollee had
25 elected to receive benefits through the pro-

visions of such parts (rather than through the plan); and

(iii) provides, after such deductible is met for a year and for all subsequent expenses for benefits referred to in clause (i) in the year, for a level of reimbursement that is not less than—

(I) 100 percent of such expenses,

or

(II) 100 percent of the amounts

that would have been paid (without regard to any deductibles or coinsurance) under parts A and B of the medicare program with respect to such expenses,

whichever is less.

(c) PROGRAM DATES.—

(1) APPLICATIONS.—Under the pilot program the Secretary shall provide for receipt of applications by October 1, 1996.

(2) INITIAL OPERATION.—Operation of the pilot program under approved application shall commence on January 1, 1997.

(3) TERMINATION DATE.—

1 (A) IN GENERAL.—The pilot program
2 under this section shall terminate on December
3 31, 2001, unless extended by the Congress.

4 (B) EARLY TERMINATION.—The Secretary
5 may terminate any project under the pilot pro-
6 gram on an earlier date if the Secretary deter-
7 mines that the continued operation of the
8 project will endanger the medicare trust funds.

9 (d) STUDY OF APPLICATION.—In the case of the high
10 deductible health plans with contribution to medical sav-
11 ings accounts described in subsection (b)(4), the Secretary
12 shall conduct a study of the extent to which enrollees rep-
13 resent a cross-section by age and income of medicare bene-
14 ficiaries.

15 (e) STUDY AND REPORT.—The Secretary shall con-
16 duct a study of the operation of the pilot program and
17 shall submit to Congress, not later than March 1, 2001,
18 on such operation and whether the program should be con-
19 tinued beyond the termination date specified in subsection
20 (c)(3)(A).

1 **TITLE III—COMMISSION ON THE**
2 **EFFECT OF THE BABY BOOM**
3 **GENERATION ON THE MEDI-**
4 **CARE PROGRAM**

5 **SEC. 301. COMMISSION ON THE EFFECT OF THE BABY**
6 **BOOM GENERATION ON THE MEDICARE PRO-**
7 **GRAM.**

8 (a) ESTABLISHMENT.—There is established a com-
9 mission to be known as the Commission on the Effect of
10 the Baby Boom Generation on the Medicare Program (in
11 this section referred to as the “Commission”).

12 (b) DUTIES.—

13 (1) IN GENERAL.—The Commission shall—

14 (A) examine the financial impact on the
15 medicare program of the significant increase in
16 the number of medicare eligible individuals
17 which will occur beginning approximately dur-
18 ing 2010 and lasting for approximately 25
19 years, and

20 (B) make specific recommendations to the
21 Congress respecting a comprehensive approach
22 to preserve the medicare program for the period
23 during which such individuals are eligible for
24 medicare.

1 (2) CONSIDERATIONS IN MAKING REC-
2 ommendations.—In making its recommendations,
3 the Commission shall consider the following:

4 (A) The amount and sources of Federal
5 funds to finance the medicare program, includ-
6 ing the potential use of innovative financing
7 methods.

8 (B) The most efficient and effective man-
9 ner of administering the program.

10 (C) Methods used by other nations to re-
11 spond to comparable demographic patterns in
12 eligibility for health care benefits for elderly
13 and disabled individuals.

14 (D) Trends in employment-related health
15 care for retirees, including the use of medical
16 savings accounts and similar financing devices.

17 (E) The needs of medicare beneficiaries
18 and providers located in diverse geographic lo-
19 cations, including urban and rural areas.

20 (3) CONSULTATION WITH MEDICARE TRUST-
21 EES.—The Commission shall conduct its activities in
22 consultation with the trustees of the Federal Supple-
23 mentary Medical Insurance Trust Fund.

24 (c) MEMBERSHIP.—

1 (1) APPOINTMENT.—The Commission shall be
2 composed of 15 members appointed as follows:

3 (A) The President shall appoint 3 mem-
4 bers.

5 (B) The Majority Leader of the Senate
6 shall appoint, after consultation with the minor-
7 ity leader of the Senate, 6 members, of whom
8 not more than 4 may be of the same political
9 party.

10 (C) The Speaker of the House of Rep-
11 resentatives shall appoint, after consultation
12 with the minority leader of the House of Rep-
13 resentatives, 6 members, of whom not more
14 than 4 may be of the same political party.

15 (2) CHAIRMAN AND VICE CHAIRMAN.—The
16 Commission shall elect a Chairman and Vice Chair-
17 man from among its members.

18 (3) VACANCIES.—Any vacancy in the member-
19 ship of the Commission shall be filled in the manner
20 in which the original appointment was made and
21 shall not affect the power of the remaining members
22 to execute the duties of the Commission.

23 (4) QUORUM.—A quorum shall consist of 8
24 members of the Commission, except that 4 members
25 may conduct a hearing under subsection (e).

1 (5) MEETINGS.—The Commission shall meet at
2 the call of its Chairman or a majority of its mem-
3 bers. The Commission shall hold hearings in dif-
4 ferent areas throughout the country in order to ob-
5 tain information and suggestions from a diverse
6 group of individuals.

7 (6) COMPENSATION AND REIMBURSEMENT OF
8 EXPENSES.—Members of the Commission are not
9 entitled to receive compensation for service on the
10 Commission. Members may be reimbursed for travel,
11 subsistence, and other necessary expenses incurred
12 in carrying out the duties of the Commission.

13 (d) STAFF AND CONSULTANTS.—

14 (1) STAFF.—The Commission may appoint and
15 determine the compensation of such staff as may be
16 necessary to carry out the duties of the Commission.
17 Such appointments and compensation may be made
18 without regard to the provisions of title 5, United
19 States Code, that govern appointments in the com-
20 petitive services, and the provisions of chapter 51
21 and subchapter III of chapter 53 of such title that
22 relate to classifications and the General Schedule
23 pay rates.

24 (2) CONSULTANTS.—The Commission may pro-
25 cure such temporary and intermittent services of

1 consultants under section 3109(b) of title 5, United
2 States Code, as the Commission determines to be
3 necessary to carry out the duties of the Commission.

4 (e) POWERS.—

5 (1) HEARINGS AND OTHER ACTIVITIES.—For
6 the purpose of carrying out its duties, the Commis-
7 sion may hold such hearings and undertake such
8 other activities as the Commission determines to be
9 necessary to carry out its duties.

10 (2) STUDIES BY GAO.—Upon the request of the
11 Commission, the Comptroller General shall conduct
12 such studies or investigations as the Commission de-
13 termines to be necessary to carry out its duties.

14 (3) COST ESTIMATES BY CONGRESSIONAL
15 BUDGET OFFICE.—

16 (A) Upon the request of the Commission,
17 the Director of the Congressional Budget Office
18 shall provide to the Commission such cost esti-
19 mates as the Commission determines to be nec-
20 essary to carry out its duties.

21 (B) The Commission shall reimburse the
22 Director of the Congressional Budget Office for
23 expenses relating to the employment in the of-
24 fice of the Director of such additional staff as
25 may be necessary for the Director to comply

1 with requests by the Commission under sub-
2 paragraph (A).

3 (4) DETAIL OF FEDERAL EMPLOYEES.—Upon
4 the request of the Commission, the head of any Fed-
5 eral agency is authorized to detail, without reim-
6 bursement, any of the personnel of such agency to
7 the Commission to assist the Commission in carry-
8 ing out its duties. Any such detail shall not interrupt
9 or otherwise affect the civil service status or privi-
10 leges of the Federal employee.

11 (5) TECHNICAL ASSISTANCE.—Upon the re-
12 quest of the Commission, the head of a Federal
13 agency shall provide such technical assistance to the
14 Commission as the Commission determines to be
15 necessary to carry out its duties.

16 (6) USE OF MAILS.—The Commission may use
17 the United States mails in the same manner and
18 under the same conditions as Federal agencies and
19 shall, for purposes of the frank, be considered a
20 commission of Congress as described in section 3215
21 of title 39, United States Code.

22 (7) OBTAINING INFORMATION.—The Commis-
23 sion may secure directly from any Federal agency
24 information necessary to enable it to carry out its
25 duties, if the information may be disclosed under

1 section 552 of title 5, United States Code. Upon re-
2 quest of the Chairman of the Commission, the head
3 of such agency shall furnish such information to the
4 Commission.

5 (8) ADMINISTRATIVE SUPPORT SERVICES.—
6 Upon the request of the Commission, the Adminis-
7 trator of General Services shall provide to the Com-
8 mission on a reimbursable basis such administrative
9 support services as the Commission may request.

10 (9) ACCEPTANCE OF DONATIONS.—The Com-
11 mission may accept, use, and dispose of gifts or do-
12 nations of services or property.

13 (10) PRINTING.—For purposes of costs relating
14 to printing and binding, including the cost of per-
15 sonnel detailed from the Government Printing Of-
16 fice, the Commission shall be deemed to be a com-
17 mittee of the Congress.

18 (f) REPORT.—Not later than January 1, 2001, the
19 Commission shall submit to Congress a report containing
20 its findings and recommendations regarding how to pro-
21 tect and preserve the medicare program in a financially
22 solvent manner until 2030 (or, if later, throughout the pe-
23 riod of projected solvency of the Federal Old-Age and Sur-
24 vivors Insurance Trust Fund). The report shall include de-

1 tailed recommendations for appropriate legislative initia-
2 tives respecting how to accomplish this objective.

3 (g) TERMINATION.—The Commission shall terminate
4 60 days after the date of submission of the report required
5 in subsection (f).

6 (h) AUTHORIZATION OF APPROPRIATIONS.—There
7 are authorized to be appropriated \$1,500,000 to carry out
8 this section. Amounts appropriated to carry out this sec-
9 tion shall remain available until expended.

10 **TITLE IV—DEVELOPMENT OF**
11 **SINGLE MEDICARE ADMINIS-**
12 **TRATIVE SYSTEM**

13 **SEC. 401. IMPROVED ADMINISTRATIVE EFFICIENCIES.**

14 (a) IN GENERAL.—The Secretary of Health and
15 Human Services shall take such steps as may be required
16 to provide for improved efficiency in the medicare program
17 through—

18 (1) establishment of a common payment form
19 (as part of a medicare transaction system) for all
20 medicare payments, and

21 (2) consolidation of the administrative system
22 for parts A and B of the medicare program.

23 (b) REPORT.—The Secretary shall submit to Con-
24 gress a report on steps taken under subsection (a) and
25 in such legislation as may be required to further carry out

1 subsection (a) and to provide for further administrative
2 efficiencies under the medicare program.

3 **TITLE V—LOCK-BOX PROVISION**

4 **SEC. 501. LIMITATION ON USE OF SAVINGS.**

5 Notwithstanding any other provision of law, all sav-
6 ings resulting from the enactment of this Act shall be
7 transferred to the credit of the Federal Hospital Insurance
8 Trust Fund and may not be used to offset revenue losses
9 from a tax cut.

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